

**DEPARTMENT FOR THE AGING  
RICHMOND, VIRGINIA**

**REPORT ON AUDIT  
FOR THE PERIODS ENDING  
JUNE 30, 2000 AND JUNE 30, 2001**



## **AUDIT SUMMARY**

Our audit of the Department for the Aging for periods ending June 30, 2000, and June 30, 2001, found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no material weaknesses in internal controls; and
- no instances of noncompliance that are required to be reported.

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## AGENCY HIGHLIGHTS

The Department for the Aging fosters the independence, security, and dignity of older Virginians by promoting partnerships with families and communities. The Department is the federally recognized state unit on aging for the Older Americans Act. The Act contains objectives that address the inherent dignity of older people, and the duty and responsibility of the governments of the United States to assist older Americans. The objectives cover the areas of adequate income, availability of mental and physical services, suitable housing, long-term care needs, employment opportunities, transportation, and protection against abuse, neglect, and exploitation. As state administrator of the federal act, the Department is responsible for the implementation of a plan and delivery of services that accomplishes the objectives.

The Department accomplishes its mission through the receipt of federal funds and general fund appropriations. Additionally the Department collects special revenues funds through state tax refund contributions and miscellaneous grants. For Fiscal Years 2000 and 2001, the Department's revenues were composed of the following:

<b>Funds</b>	<b>FY 2000</b>	<b>Percent</b>	<b>FY 2001</b>	<b>Percent</b>
<b>General Fund</b>	\$ 14,176,918	41.64	\$16,163,928	40.13
<b>Special Revenues</b>	62,939	0.18	57,535	0.14
<b>Federal Fund</b>	<u>19,808,391</u>	<u>58.18</u>	<u>24,057,096</u>	<u>59.73</u>
<b>Total</b>	<u>\$ 34,048,248</u>	<u>100.00</u>	<u>\$40,278,559</u>	<u>100.00</u>

The Department transferred nearly 95 percent of its total disbursements to area agencies on aging (AAAs) and local contractors for both Fiscal 2000 and 2001. For Fiscal Years 2000 and 2001, the Department's operating expenditure were as follows:

<b>Expenditure Types</b>	<b>FY 2000</b>	<b>Percent</b>	<b>FY 2001</b>	<b>Percent</b>
<b>Personal Services</b>	\$ 1,247,934	3.68	\$ 1,529,492	3.84
<b>Contractual Services</b>	346,230	1.02	454,720	1.14
<b>Supplies and Materials</b>	21,707	0.06	38,856	0.10
<b>Transfer Payments</b>	32,119,092	94.64	37,575,425	94.32
<b>Continuous Charges</b>	124,887	0.37	150,074	0.38
<b>Equipment</b>	<u>76,481</u>	<u>0.23</u>	<u>89,229</u>	<u>0.22</u>
<b>Total</b>	<u>\$33,936,331</u>	<u>100.00</u>	<u>\$39,837,796</u>	<u>100.00</u>

### Area Agencies on Aging

The Department contracts with the 25 area agencies on aging (AAA's) to provide delivered meals, congregate meals, transportation, homemaker services, personal care services, care coordination, volunteer programs, disease prevention and health promotion, information and assistance, long term care ombudsman, and other the services to foster independence and meet care needs for older Virginians. These 25 AAAs must first submit annually to the Department an "area plan" of service provision. Once the Department approves the area plan, it signs a contract with the AAA. The area agencies receive funding in accordance with the approved plan. Of the 25 Area Agencies, 14 are private nonprofit corporations, five are units of local

government, five consist of two or more local governments that exercise joint powers to create the Area Agency, and one is part of a mental health, mental retardation, and substance abuse services community services board. The table below indicates total funds transferred to each Area Agency for the fiscal years 2000 and 2001.

Area Agencies on Aging	FY 2000	FY 2001
<b>Private Nonprofit Corporations:</b>		
Mountain Empire Older Citizens, Inc.	\$ 1,242,316	\$ 1,735,808
Appalachian Agency for Senior Citizens, Inc.	1,096,598	1,253,344
LOA-Area Agency on Aging, Inc.	1,529,989	1,612,725
Valley Program For Aging Services, Inc.	1,401,224	1,787,213
Shenandoah Area Agency on Aging, Inc.	1,003,034	1,180,173
Central Virginia Area Agency on Aging, Inc.	1,283,853	1,427,319
Southern Area Agency on Aging, Inc.	2,047,506	2,238,505
Piedmont Senior Resources Area Agency on Aging, Inc.	976,924	965,910
Senior Connections - Capital Area Agency on Aging, Inc.	2,741,053	3,454,558
Rappahannock Area Agency on Aging, Inc.	651,503	658,387
Chesapeake Bay Agency on Aging, Inc.	1,388,600	1,448,125
Senior Services of Southeastern Virginia, Inc.	3,908,974	4,586,405
Peninsula Agency on Aging, Inc.	1,505,003	1,645,947
Eastern Shore Area on Aging - Community Action Agency, Inc.	645,647	760,258
<b>Local Governments:</b>		
Alexandria Office of Aging and Adult Services	304,115	485,862
Arlington Agency on Aging	429,107	538,082
Fairfax Area Agency on Aging	1,760,364	1,927,258
Loudoun County Area Agency on Aging	237,310	258,112
Prince William Area Agency on Aging	306,456	379,152
<b>Joint Operating Agencies:</b>		
District Three Senior Services	1,765,962	2,126,984
New River Valley Agency on Aging	911,769	1,048,263
Jefferson Area Board for Aging	955,730	1,117,441
Lake Country Area Agency on Aging	1,084,323	1,302,166
Crater District Area Agency on Aging	1,093,289	1,284,081
<b>Community Services Board:</b>		
Rappahannock-Rapidan Community Services Board	749,875	876,216
<b>Total</b>	<u>\$ 31,020,524</u>	<u>\$ 36,098,294</u>

February 19, 2002

The Honorable Mark Warner  
Governor of Virginia  
State Capitol  
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.  
Chairman, Joint Legislative Audit  
and Review Commission  
General Assembly Building  
Richmond, Virginia

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the financial records and operations of the **Department for the Aging** for the years ending June 30, 2000, and June 30, 2001. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Audit Objectives, Scope, and Methodology**

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Department's internal control, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures, as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenues  
Expenditures  
Federal Grants

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

#### Audit Conclusions

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted no matters involving internal control and its operation that we considered to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

#### EXIT CONFERENCE

We discussed this report with management at an exit conference held on March 18, 2002

AUDITOR OF PUBLIC ACCOUNTS

VMC:whb  
whb:18

DEPARTMENT FOR THE AGING  
Richmond, Virginia

AGENCY OFFICIALS  
As of June 30, 2001

William Peterson  
Acting Commissioner of Program Services

Tim Catherman  
Deputy Commissioner of Support Services

Warren McKeon  
Fiscal Director



